



Washington State Auditor's Office

Independence • Respect • Integrity

Accountability Audit Report

Peninsula School District No. 401

Pierce County

For the period September 1, 2013 through August 31, 2014

Published May 26, 2015

Report No. 1014291





Washington State Auditor

May 26, 2015

Board of Directors
Peninsula School District No. 401
Gig Harbor, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the District's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

A handwritten signature in cursive script that reads "Jan M. Jutte".

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

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AUDIT SUMMARY

Results in brief

In most areas we audited, District operations complied with applicable requirements and provided adequate safeguarding of public resources. The District also complied with state laws and regulations and its own policies and procedures in the areas we examined.

However, we noted certain matters that we communicated to District management in a letter dated May 19, 2015, related to Associated Student Body activities at Peninsula High School. We appreciate the District's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of Peninsula School District No. 401 from September 1, 2013 through August 31, 2014.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the District's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Financial condition
- Staff mix
- Third party receipting
- Swimming pool revenue
- Associated Student Body activities
- Payroll disbursements
- Self-insurance

STATUS OF PRIOR AUDIT FINDINGS

The status of findings contained in the prior years' audit reports of Peninsula School District No. 401 is provided below:

1. The District's internal controls over Associated Student Body (ASB) activities are insufficient to safeguard against loss and noncompliance with laws and regulations.

Report No. 1011641, dated April 21, 2014

Background

During the previous audit, we reviewed ASB procedures and identified the following issues:

- Student Council minutes were not retained at one of the schools.
- All necessary records for fundraisers were not adequately prepared, retained or monitored for all events. This included adequate oversight of student cash handling.
- Documentation to support the ticket sales was inadequate. This created a variance between the number of tickets sold (expected revenue) and actual revenue.
- Yearbook revenue was not reconciled to the number of yearbooks sold to ensure all funds were received. Additionally, we found a large number of yearbooks went unsold during fiscal year 2013; there was not adequate tracking of this unsold inventory.
- Cash boxes were not stored in a secure location at all times.

Status

Overall, we have found the District implemented our recommendations from the prior audit and has taken steps to ensure compliance. However, we noted certain matters that we communicated to District management in a letter dated May 19, 2015, related to ASB activities at Peninsula High School. The District continues to resolve these matters.

RELATED REPORTS

Financial

Our opinion on the District's financial statements and compliance with federal grant program requirements is provided in a separate report issued in May 2015, which includes the District's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the District's major federal programs, which are listed in the Federal Summary section of the financial statement and single audit report issued in May 2015. That report includes federal findings regarding the District's internal controls to ensure compliance with federal procurement requirements, compliance with time and effort requirements and internal controls to ensure compliance with federal Title I requirements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE DISTRICT

Peninsula School District No. 401, located in Pierce County, provides educational services to about 9,000 students in preschool through 12th grade. The District provides services out of 15 schools including basic education, bilingual education, special education, pupil transportation and food services.

An elected, five-member Board of Directors governs the District. Board Members serve staggered, four-year terms. The Board appoints a Superintendent to oversee the District's daily operations as well as its approximately 1,225 employees. For the 2013-2014 school year, the District operated on a general fund budget of approximately \$88 million.

Contact information related to this report	
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Information current as of report publish date.

Audit history

You can find current and past audit reports for Peninsula School District No. 401 at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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